EXHIBIT 1

INTRODUCTION

Respondents Larry Levine and Jennifer Levine are the parents of Lloyd Levine, a successful candidate for the California State Assembly in the March 2002 primary election, and the November 2002 general election. On December 26, 2001, Respondents made a loan in the amount of $88,000 to their son, Lloyd Levine.

The Political Reform Act (the "Act")[1] limits the amount of contributions that can be made to candidates for elective state office. In this matter, Respondents impermissibly made a contribution in excess of the applicable contribution limits in the form of an $88,000 loan to candidate Lloyd Levine.

For the purposes of this stipulation, Respondents' violation of the Act is stated as follows:

> On or about December 26, 2001, Respondents Larry Levine and Jennifer Levine made a contribution in excess of the $3,000 contribution limit to a candidate for elective state office by making a loan in the amount of $88,000 to Assembly candidate Lloyd Levine, in violation of section 85301, subdivision (a).

SUMMARY OF THE LAW

Duty to Comply with Campaign Contribution Limits

The Act imposes limits on the contributions that may be made to candidates for elective state office. Section 82015, subdivision (a) defines a "contribution" as any payment, including a loan, made for political purposes for which full and adequate consideration is not made to the donor. Regulation 18215, subdivision (a) provides that a payment is made for political purposes if it is for the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate, or if it is received by a candidate. Regulation 18215, subdivision (c)(14) provides that a payment received by a candidate for personal purposes is not a contribution. Section 82007 defines a "candidate" to include an individual who receives a contribution or makes an expenditure with a view of bringing about his or her election to any elective office. Section 82024 defines "elective state office" to include the office of a member of the Legislature.

Under section 85301, subdivision (a), a person may not make to a candidate for elective state office, other than a candidate for statewide elective office, a contribution totaling more than $3,000 per person. Section 83124 requires the Commission to biennially adjust the contribution limits in section 85301 to reflect changes in the Consumer Price Index. Section 85307, subdivision (b)

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[1] The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

prohibits a candidate for elective state office from making a personal loan to his or her campaign in an amount, the outstanding balance of which exceeds $100,000.

SUMMARY OF THE FACTS

Respondents Larry Levine and Jennifer Levine are the parents of Lloyd Levine, a successful candidate for the California State Assembly in the March 2002 primary election, and the November 2002 general election.

COUNT 1
Making a Contribution in Excess of the Contribution Limit

Since Lloyd Levine was a candidate for elective state office, Respondents Larry Levine and Jennifer Levine were prohibited from making a contribution, in the form of a loan, to Lloyd Levine that exceeded the $3,000 contribution limit, unless it was clear from the surrounding circumstances that the loan was made for personal purposes only. On February 7, 2001, Lloyd Levine filed a statement of intention to be a candidate for a seat in the California State Assembly in the March 5, 2002 primary election. On or about February 13, 2001, Respondents Larry Levine and Jennifer Levine each made a $3,000 contribution to Lloyd Levine and his controlled committee, Lloyd Levine for Assembly.

On September 28, 2001, Lloyd Levine made a personal loan to his campaign in the amount of $12,000, and thereby reduced the total amount that he could subsequently loan to his committee from $100,000 to $88,000. Three months later, on December 26, 2001, Respondents Larry Levine and Jennifer Levine made a loan to Lloyd Levine in the amount of $88,000, by signing a loan document with Lloyd Levine, and authorizing the transfer of $88,000 from their joint bank account to the personal bank account of Lloyd Levine. Later the same day, Lloyd Levine wrote an $88,000 check to his campaign committee from his personal bank account into which the $88,000 had been transferred by his parents. As Respondents made the loan to a candidate for elective state office in the midst of an election in the exact amount that the candidate could permissibly loan to his committee, Respondents should have been aware that the loan would be used for campaign expenses, such that the loan qualified as a contribution and was prohibited by the $3,000 contribution limit.

On or about January 19, 2002, a newspaper article reported that Lloyd Levine had received an $88,000 loan from his parents, Respondents Larry and Jennifer Levine. The loan amount had been questioned by Lloyd Levine's Democratic opponent in the March 5, 2002 primary election. In response to the newspaper's inquiry, Lloyd Levine freely admitted to the newspaper reporter that the loan was from his parents. Thereafter, Respondents contacted the Commission and were informed that the Commission considered the loan a violation of the contributions limits. As a result, on February 1, 2002, Lloyd Levine for Assembly refunded the amount of $88,000 to Lloyd Levine's personal bank account. On the same day, Lloyd Levine issued a personal check for $88,000 to his parents. The loan funds were never expended by Lloyd Levine or Lloyd Levine for Assembly, and were only in the committee's possession for 37 days.

By making a loan in excess of the $3,000 contribution limit, Respondents Larry Levine and Jennifer Levine violated section 85301, subdivision (a).

CONCLUSION

This matter consists of one count, which carries a maximum possible administrative penalty of $5,000 per violation, for a total of Five Thousand Dollars ($5,000).

The conduct of making a contribution in excess of the contribution limits is a serious violation of the Act as it harms the integrity of the election process. In this case, however, since the loan funds were returned to the Respondents immediately after the recipient was informed that the Commission considered the funds a violation of the Act's contribution limits, the funds were never expended by the recipient. Consequently, a less than maximum administrative penalty is appropriate.

Accordingly, the facts of this case justify imposition of a total administrative penalty of Four Thousand Dollars ($4,000).